



BRIDGEHOUSE
INDEPENDENT PLATFORM

Brandes Lazard Sionna Morningstar

2018 Annual Management Report
of Fund Performance
Brandes U.S. Equity Fund

BRANDES U.S. EQUITY FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. The annual financial statements are in a separate booklet. You may obtain a copy of the annual financial statements at your request, and at no cost, by calling toll-free 1.888.861.9998, by writing to us at Bridgehouse Asset Managers, 33 Yonge Street, Suite 300, Toronto, ON, M5E 1G4, or by visiting our website: www.bridgehousecanada.com or the SEDAR website: www.sedar.com.

You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

Our objective for this Fund is to grow capital for investors over the long-term by investing primarily in securities of larger U.S. companies.

The portfolio sub-advisor in respect of this Fund, Brandes Investment Partners, L.P. ("Brandes LP") uses a Graham & Dodd value approach when selecting the actual securities to invest in the Fund. This means that, on behalf of the Fund, they select securities of companies which, in their estimation, have a higher value (intrinsic value) than is currently reflected in the stock market.

Brandes LP's intention is to create a portfolio of undervalued stocks available, in their estimation, diversified in ways described in the prospectus.

Risk

As an investor in this Fund, you should be prepared for short-term performance fluctuations, and be a patient, long-term holder.

The Fund has a medium to high risk level, compared to a medium risk level at December 31, 2017. Refer to the Fund's simplified prospectus for a complete list of all risks.

Results of Operations from January 1, 2018 to December 31, 2018

Markets & Effect

The outperformance of high-growth technology stocks resulted in much stronger U.S. market returns versus international and Canadian markets. The U.S. market advanced 3.6%, while international markets, as measured by the MSCI EAFE Index, fell 6.0% and the S&P/TSX Composite fell 8.9% for the year. The uncertainties around Brexit, which is expected to finally occur at the end of the first quarter of 2019, intensified the negative market sentiment for many European companies.

Emerging markets declined 6.9% in 2018. Brandes believes the market focus on macro-economic issues, including trade disputes, national elections and currency interactions, during much of the year has created significant opportunity for long-term-minded investors. In Brandes' opinion, emerging markets equities exhibit very appealing valuations — from both an absolute and a relative perspective.

Performance

The Fund's Unhedged Series A units trailed its benchmark, losing 0.9% versus a gain of 3.6% for the S&P 500 Index (the "Index"). The Fund's Hedged Series A units also trailed its benchmark, losing 9.7% versus a loss of 6.3% for the S&P 500 Index (Hedged) (the "Index").

The Fund returns are after the deduction of fees and expenses while the benchmark returns do not include any costs of investing. See the "Past Performance" section for the returns of the other series, which may vary because of differences in management fees and expenses or timing of series introduction.

Holdings in the pharmaceuticals made a positive contribution to overall performance. Holdings commercial banks detracted from performance for the period.

Asset Mix

Over the recent reporting period, the Fund's asset mix did not change significantly. At December 31, 2018, equities made up 99.0% of the Fund and approximately 1.0% was in cash and other net assets.

The Fund's most significant industry exposure change was an increase in holdings in the entertainment industry to 3.5% from 0.0% at December 31, 2017.

In line with its bottom-up investment philosophy, Brandes LP continues to build the portfolio on a company-by-company basis. Brandes LP only compares the Fund to the Index in the course of ensuring that it remains appropriately diversified. As a result, the Fund's industry weightings were quite different from the Index during the period. For example, at December 31, 2018, the Fund's largest industry exposure was in health care providers & services, which comprised 10.6% of the Fund's portfolio, versus 3.2% for the Index.

Typically less than 5% of the Fund is allocated to any one security, at the time of purchase. Therefore, the addition or deletion of an individual security will not generally constitute a substantial change to the portfolio.

Flows & Fees

The Fund's Net Asset Value decreased to \$82.7 million at December 31, 2018, from \$104.6 million at December 31, 2017. Of this change, a decrease of \$0.4 million was due to negative investment performance (net of investment income), and a decrease of \$21.5 million was due to outflows.

For Series A units, the annualized management expense ratio ("MER") at December 31, 2018 is 2.74%, compared to 2.75% at December 31, 2017 for the Unhedged Series. The annualized MER for the Hedged series is 2.73% at December 31, 2018, compared to 2.84% at December 31, 2017.

Recent Developments

There are no known changes at this time to the strategic positioning of the Fund, the manager, or portfolio sub-advisor.

Effective May 10, 2018, the risk rating of the Fund was changed from "medium" to "medium to high". The change reflects compliance with the new Canadian Securities Administrators' Mutual Fund Risk Classification Methodology. There have been no changes to the investment objective, strategies or management of the Fund associated with the new risk rating.

Effective January 1, 2019, Lawrence Ritchie replaced Nicholas Le Pan (Chair) who stepped down from the IRC on December 31, 2018.

International Financial Reporting Standards

Effective January 1, 2018, the Funds classify and measure financial instruments in accordance with IFRS 9 Financial Instruments (IFRS 9). Upon initial recognition, financial assets and financial liabilities are classified as FVTPL. Upon transition to IFRS 9, the Funds financial assets and financial liabilities previously classified as FVTPL under IAS39 continued to be categorized as fair value through profit and loss. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

Related Party Transactions

Manager and Portfolio Advisor

The Fund is managed and advised by Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers ("Bridgehouse") which provides (or arranges for) investment management, distribution, marketing and promotion of the Fund. Bridgehouse receives a monthly management fee based on the daily average net assets of each class of the Fund. In addition, Bridgehouse is entitled to be reimbursed by the Fund for certain operating expenses.

Brandes Investment Partners L.P. ("Brandes LP") continued to be the Manager's portfolio sub-advisor in respect of the Fund. Bridgehouse pays Brandes LP an investment management fee to provide the Fund with investment management services. Bridgehouse and Brandes LP are affiliates.

Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may", "will", "should", "could", "expect", "anticipate", "intend", "plan", "believe", or "estimate" or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the

risks detailed from time to time in the Fund's simplified prospectus. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise.

Benchmark Indices

S&P 500 Index: This index consists of 500 large-capitalization stocks and is designed to be a representative sample of the U.S. stock market.

S&P 500 Index (Hedged): This index consists of 500 large-capitalization stocks and is designed to be a representative sample of the U.S. stock market. The hedged version minimizes the exposure of currency fluctuations on index performance.

FINANCIAL HIGHLIGHTS

FOR PERIODS ENDED DECEMBER 31, 2014 TO 2018

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five periods ended December 31 or, if shorter, the period since the inception of the Fund. In the year a fund or series is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents year ended December 31. Inception date for Series AH, FH and IH is April 23, 2015.

The Fund's Net Assets per Unit (\$) (note 1)

		Increase (decrease) from operations						Distributions				Net assets, end of period (\$)	
		Net assets, beginning of period (\$)	Total revenue (\$)	Total expenses (\$)	Realized gains (losses) for the period (\$)	Unrealized gains (losses) for the period (\$)	Total increase (decrease) from operations (\$) (note 2)	From net investment income excluding dividends (\$)	From dividends (\$)	From capital gains (\$)	Return of capital (\$)		Total annual distribution (\$) (note 3)
Series A	2018	14.71	0.30	(0.42)	1.48	(1.34)	0.02	-	-	-	-	-	14.58
	2017	13.95	0.23	(0.39)	1.53	(0.61)	0.76	-	-	-	-	-	14.71
	2016	12.31	0.18	(0.34)	1.31	0.24	1.39	-	-	-	-	-	13.95
	2015	11.09	0.21	(0.32)	1.61	(0.24)	1.26	-	-	-	-	-	12.31
	2014	9.07	0.18	(0.27)	1.30	0.77	1.98	-	-	-	-	-	11.09
Series F	2018	16.45	0.34	(0.28)	1.64	(1.52)	0.18	-	-	-	-	-	16.49
	2017	15.42	0.25	(0.26)	1.66	(0.62)	1.03	-	-	-	-	-	16.45
	2016	13.45	0.21	(0.22)	1.58	0.42	1.99	-	-	-	-	-	15.42
	2015	11.98	0.24	(0.20)	1.74	(0.26)	1.52	-	-	-	-	-	13.45
	2014	9.70	0.20	(0.17)	1.39	0.86	2.28	-	-	-	-	-	11.98
Series I	2018	17.56	0.33	-	1.80	(1.81)	0.32	-	-	-	-	-	17.89
	2017	16.20	0.26	-	1.69	(0.39)	1.56	-	-	-	-	-	17.56
	2016	13.91	0.20	-	0.62	(1.34)	(0.52)	-	-	-	-	-	16.20
	2015	12.19	0.06	-	1.55	0.19	1.80	-	-	-	-	-	13.91
	2014	9.71	0.16	-	1.30	1.38	2.84	-	-	-	-	-	12.19
Series AH	2018	12.22	0.27	(0.34)	0.80	(1.52)	(0.79)	-	-	-	-	-	11.04
	2017	10.96	0.20	(0.33)	1.80	(0.40)	1.27	-	-	-	-	-	12.22
	2016	9.43	0.15	(0.28)	1.15	1.13	2.15	-	-	-	-	-	10.96
	2015	10.00	0.11	(0.18)	0.37	(1.10)	(0.80)	-	-	-	-	-	9.43
Series FH	2018	12.62	0.28	(0.21)	0.80	(1.86)	(0.99)	-	-	-	-	-	11.53
	2017	11.19	0.22	(0.21)	1.65	(0.15)	1.51	-	-	-	-	-	12.62
	2016	9.52	0.20	(0.17)	1.19	1.03	2.25	-	-	-	-	-	11.19
	2015	10.00	-	(0.47)	0.26	(0.73)	(0.94)	-	-	-	-	-	9.52
Series IH	2018	13.17	0.24	-	0.84	(2.03)	(0.95)	-	-	-	-	-	12.23
	2017	11.48	0.18	-	1.94	(0.42)	1.70	-	-	-	-	-	13.17
	2016	9.61	0.14	-	0.69	1.04	1.87	-	-	-	-	-	11.48
	2015	10.00	0.12	-	0.48	(0.99)	(0.39)	-	-	-	-	-	9.61

- The financial information presented in the Net Assets per Unit table is derived from the Fund's audited financial statements. The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014.
- Net Assets and distributions are per Unit of a series are based on the actual number of units outstanding for that series at the relevant time. The Increase (Decrease) from Operations per Unit of a series is based on the weighted average number of units outstanding for that series during the financial period.
- Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

		Net asset value (\$000) (note 4)	Number of units outstanding (000) (note 4)	Management expense ratio (MER) (%) (note 5)	MER before waivers or absorption (%) (note 5)	Portfolio turnover rate (%) (note 6)	Trading expense ratio (%) (note 7)	Net asset value per unit (\$)
Series A	2018	51,565	3,537	2.74	2.75	11.28	0.01	14.58
	2017	64,094	4,356	2.75	2.78	31.85	0.02	14.71
	2016	65,919	4,725	2.75	2.87	21.08	0.03	13.95
	2015	74,214	6,030	2.74	2.86	24.38	0.04	12.31
	2014	83,641	7,545	2.74	2.85	29.24	0.04	11.09
Series F	2018	21,824	1,324	1.61	1.61	-	-	16.49
	2017	28,893	1,756	1.62	1.64	-	-	16.45
	2016	18,903	1,226	1.61	1.72	-	-	15.42
	2015	12,035	895	1.60	1.69	-	-	13.45
	2014	12,501	1,044	1.62	1.70	-	-	11.98
Series I	2018	396	22	0.00	0.00	-	-	17.89
	2017	390	22	0.00	0.00	-	-	17.56
	2016	1	-	0.00	0.00	-	-	16.20
	2015	150	11	0.00	0.00	-	-	13.91
	2014	3	-	0.00	0.00	-	-	12.19
Series AH	2018	455	41	2.73	2.73	-	-	11.04
	2017	773	63	2.84	2.90	-	-	12.22
	2016	305	28	2.83	2.95	-	-	10.96
	2015	74	8	2.82	3.18	-	-	9.43
Series FH	2018	8,444	733	1.63	1.63	-	-	11.53
	2017	10,406	824	1.71	1.75	-	-	12.62
	2016	302	27	1.72	1.87	-	-	11.19
	2015	37	4	1.69	2.28	-	-	9.52
Series IH	2018	-	-	0.00	0.00	-	-	12.23
	2017	-	-	0.00	0.00	-	-	13.17
	2016	-	-	0.00	0.00	-	-	11.48
	2015	-	-	0.00	0.00	-	-	9.61

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's Net Asset Value and is provided as at December 31 of the previous years shown.
- The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each series of the Fund, including GST/HST and interest and excluding commissions and other portfolio transaction costs, and is expressed as a percentage of the average daily Net Asset Value of each series of the Fund on an annualized basis. Any management fee distributions paid by a series of the fund that effectively reduced management fees payable by some unitholders are not deducted from expenses to determine the overall MER of that series. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Fund are shown both with and without the waiver and absorptions.
- Portfolio turnover rate is calculated at the Fund level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value of the Fund. The trading expense ratio is calculated at the Fund level and applies to all series of the Fund.

MANAGEMENT FEES

Bridgehouse Asset Managers, the Manager, provides or arranges for investment management, distribution, marketing and promotion of the Fund. In consideration for the services provided Bridgehouse Asset Managers receives a monthly management fee based on the daily average Net Asset Value of Series A, Series AH, Series F and Series FH. Management fees for Series I and Series IH are negotiated and paid directly by the unitholders of Series I, and Series IH, and not by the Fund.

For the year ended December 31, 2018, the Fund paid Bridgehouse Asset Managers management fees of \$1,956,134. Bridgehouse uses these management fees to pay for commission payments to registered brokers and dealers and general investment management expenses. The breakdown (commission payments / investment management, administration and other) as a proportion of the management fee for each Series are:

- Series A, AH (36% / 64%)
- Series F, FH (0% / 100%)
- Series I, IH (0% / 100%)

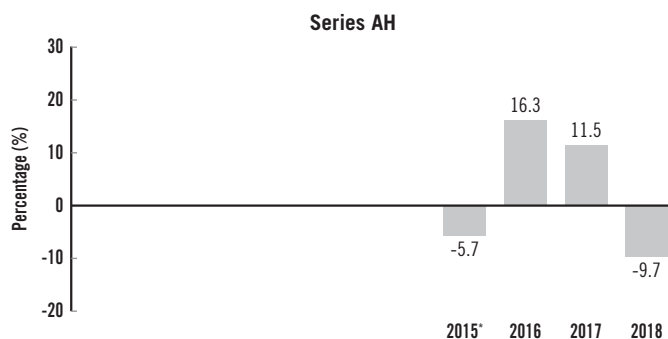
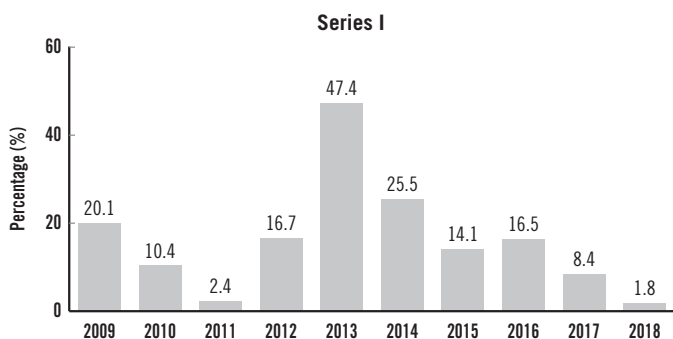
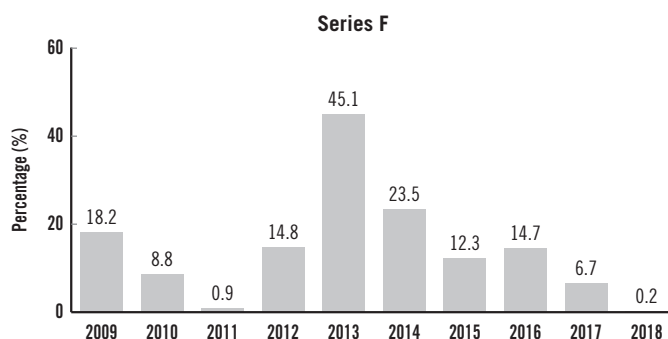
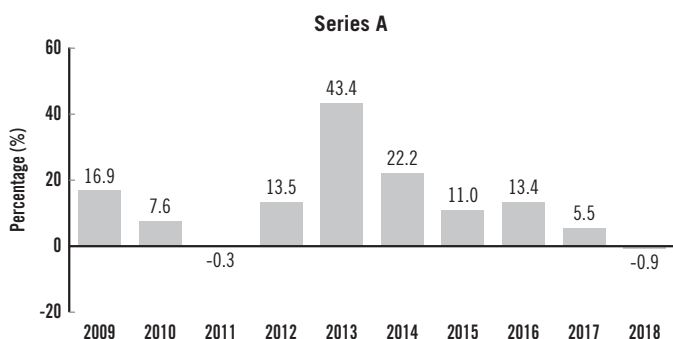
Commission payments represent cash commissions paid by Bridgehouse Asset Managers to registered brokers and dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by the Bridgehouse Asset Managers during the period. For new Funds or Series the amount presented may not be indicative of longer term operating periods.

PAST PERFORMANCE

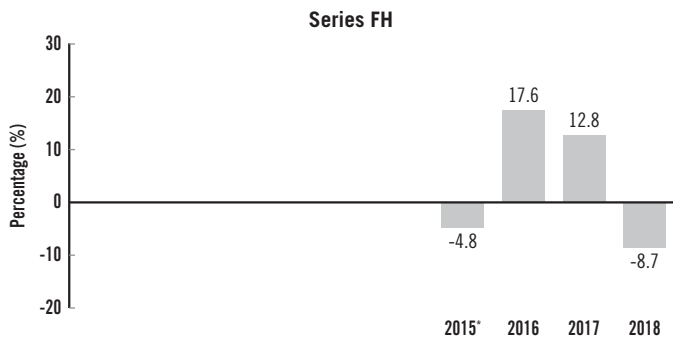
This section shows the historical performance for each series of the Fund for the periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before calculating performance, except in the case of Series I and Series IH units where the management fee is calculated outside of the Fund. Historical performance does not take into account the potential impact on returns of purchases, redemptions, distribution fees or other optional charges or income taxes payable by an investor. Keep in mind that past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns (%)

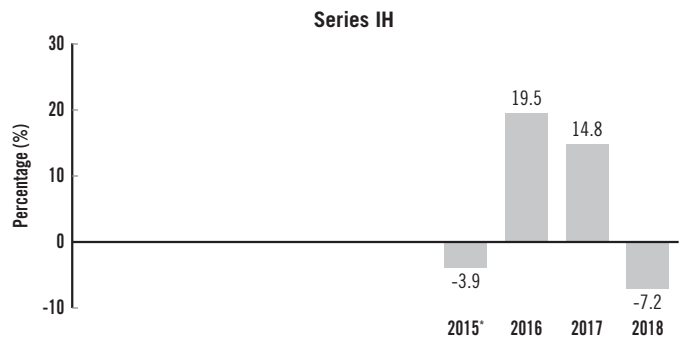
The bar chart shows the Fund's annual performance for each of the years shown. The bar chart shows how the performance of each series of the Fund has changed from year to year. It illustrates in percentage terms how much an investment in each series of the Fund made on January 1 of each year, or on the inception dates, would have grown or decreased by the last day of each financial year.



*2015 Series AH returns are from April 23, 2015



*2015 Series FH returns are from April 23, 2015



*2015 Series IH returns are from April 23, 2015

Annual Compound Returns (%)

The table shows the historical annual compound total return for each series of the Fund as compared to the benchmarks listed below. The returns are for periods ended December 31, 2018. For a discussion of the relative performance of the Fund as compared to the index, please refer to the “Results of Operations” section in the “Management Discussion of Fund Performance”.

	1 year	3 years	5 years	10 years	Since Inception
Series A	(0.91)	5.81	9.95	12.63	2.78
Series F	0.22	7.02	11.20	13.88	3.90
Series I	1.84	8.75	13.00	15.72	5.59
S&P 500 Index ¹	3.62	7.98	13.38	13.54	6.77
Series AH	(9.68)	5.41	-	-	2.72
Series FH	(8.68)	6.59	-	-	3.92
Series IH	(7.19)	8.38	-	-	5.60
S&P 500 Index (Hedged) ²	(6.26)	7.71	-	-	5.49

¹“Since inception” corresponds to inception date for Series A, F, and I of July 2, 2002

²“Since inception” corresponds to inception date for Series AH, FH and IH of April 23, 2015

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2018

Top 25 Positions

The portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis.

Security	Fund (%)
1. Pfizer Inc.	4.4
2. Merck & Co., Inc.	3.9
3. Wells Fargo & Company	3.5
4. Omnicom Group Inc.	3.5
5. Twenty-First Century Fox, Inc.*	3.5
6. Citigroup Inc.	3.4
7. McKesson Corporation	3.3
8. Bank of America Corporation	3.0
9. Bank of New York Mellon Corporation	2.7
10. Comcast Corporation Cl. A	2.7
11. Alphabet Inc. Cl. C	2.5
12. Laboratory Corporation of America Holdings	2.5
13. Oracle Corporation	2.3
14. Cognizant Technology Solutions Corp. Cl. A	2.1
15. Cardinal Health, Inc.	2.1
16. BB&T Corporation	2.1
17. American International Group, Inc.	2.0
18. State Street Corporation	2.0
19. The PNC Financial Services Group, Inc.	2.0
20. Avnet, Inc.	1.9
21. Johnson & Johnson	1.9
22. AMERCO	1.9
23. Jefferies Financial Group Inc.	1.8
24. U.S. Bancorp Series B 3.50% Preferred	1.8
25. Old Republic International Corporation	1.8
% of Fund	64.6
Total Number of Companies	52
Total Net Asset Value (\$MM)	\$83

* 2.10% in Twenty-First Century Fox, Inc. Cl. B & 1.39% in Twenty-First Century Fox, Inc. Cl. A

Asset Mix

Asset Class	Fund (%)
Global Equity	99.0
Cash & Cash Equivalent	1.6
Other Net Assets	(0.6)
% of Total	100.0

Industry Exposure

Industry	Fund (%)
Health Care Providers & Services	10.6
Pharmaceuticals	10.2
Commercial Banks	9.9
Diversified Financial Services	9.9
Capital Markets	6.2
Media	6.2
Insurance	5.0
Electronic Equipment, Instruments & Components	4.6
Oil, Gas & Consumable Fuels	3.9
IT Services	3.8
Software	3.7
Entertainment	3.5
Household Durables	3.3
Biotechnology	2.8
Electrical Equipment	2.6
Interactive Media & Services	2.5
Road & Rail	1.9
Machinery	1.8
Household Products	1.4
Food & Staples Retailing	1.3
Beverages	1.2
Semiconductors & Semiconductor Equipment	1.1
Real Estate Management & Development	1.0
Communications Equipment	0.6
Cash & Cash Equivalent	1.6
Other Net Assets	(0.6)
% of Total	100.0
Total Number of Industries	24

Country Exposure

Country	Fund (%)
United States	96.3
Singapore	1.7
United Kingdom	1
Cash & Cash Equivalent	1.6
Other Net Assets	(0.6)
% of Total	100.0
Total Number of Countries	3

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%



Bridgehouse Funds are managed by Bridgehouse Asset Managers® and are available through registered dealers.

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Bridgehouse Asset Managers | www.bridgehousecanada.com
33 Yonge Street | Suite 300 | Toronto, ON | M5E 1G4 | 416.306.5700 | 888.861.9998